

# FINANCIAL BUREAU

Tribune Building  
154 Nassau Street

## The Markets

### Stock Movement and Money

Trading in stocks was resumed at a million-share pace yesterday. The advances reached several points in a number of issues. American Woolen gained 7 points. Chandler Motors at one time was 10 points up from Wednesday's closing price, and General Motors 5, but half of these gains were lost. Republic Iron and Steel was notably active, 23,600 shares changing hands with a net gain of 3 1/2 points. Steel common closed at 108 1/2, up 1.

There was no news during the day of great importance. Even the report from Holland that the Crown Prince was still interned there had no effect, because, though the previous story of his escape had been generally credited, nothing more than "human interest" importance had been attached to it. Most remarkable, however, was the renewal of call loans at 5 and 5 1/2 per cent, following the 9 and 9 1/2 per cent renewal rates of Thursday. At the close of the day the rate had again fallen to 4 1/2. This was not only gratifying in itself, but was taken as an indication that the banks had completed their preparations to take care of July 1 disbursements.

### Recovery Complete

The advance yesterday brought the average price of thirty industrial stocks up to 108.80. This is above the closing price of 106.60 on Monday, June 2, just before the first break. It is not a new high level for the year, however, as the average reached 109.93 at the end of the first week. Yesterday's price, however, indicates a complete recovery.

### Montreal Exchange

New York funds at Montreal reached a new high premium yesterday at 1-32 per cent. The Bank of Montreal sent here \$12,000,000 in gold, but this was said to be a "special transaction" unconnected with exchange.

### B. & O. Financing

The cost to the Baltimore & Ohio Railroad of the recent borrowing of \$35,000,000 is understood to have been between 6 1/2 and 7 per cent. The stock declined a further 2 1/2 points yesterday, and 28,600 shares were sold.

### The Gold Paradox

We are sending gold to all the countries to which we owe it. As a general thing we have bought more goods from those countries than we have sold to them, and as the government no longer forbids it, we are shipping gold to make up the difference. But the countries that might be sending gold to us to pay their debts here refuse to send it. This might create a serious condition were it not that we already have more gold in this country than we know what to do with and can gladly spare it. For the first five months of the present year the outside world has gone into our debt to a net amount of \$1,818,000,000. That would be about the amount of gold we would have received in those five months if all the gold markets of the world were free. As a fact, the net amount of gold we received in those five months was just \$10,270,000.

The outside world now could not send us gold to make up this trade balance without causing a serious disturbance financially. The \$1,818,000,000 owing to us in five months is equal to the entire gold production of the outside world in the last five years. The highest gold production for the entire world for any single year was \$469,000,000 in 1915. Thus we have a curious anomaly. We are losing gold because we have a free market in a world of caged-in markets, whereas if all markets were free we would be receiving the metal at a rate unprecedented. We are paying our creditors and receiving nothing from our debtors.

### Debts Among Nations

Fortunately, the amount we owe our creditors is comparatively insignificant. Yet if an Italian must pay under present quotations \$1.35 for every dollar's worth of American goods, not counting what he pays for ocean freightage, a man in India can get a dollar's worth of American goods for 77 cents. That means that Italy owes us a balance and that we owe India a balance. Below is appended a table from Dow, Jones & Co. of the approximate present value of the dollar in various countries:

	Yesterday	Week ago
Sterling, demand	\$4.58 1/4	\$4.60 1/4
Sterling, cables	4.59 1/2	4.61 1/2
Sterling, sixty days	4.56 1/2	4.57 3/4
Sterling, ninety days	4.54	4.56 1/2
(Quoted units to the dollar.)		
France, checks	6.43 1/2	6.37
France, cables	6.41 1/2	6.35
Belgium, francs, checks	6.72	6.69
Belgium, francs, cables	6.70	6.67
Italy, lire, checks	8.00	8.08
Italy, lire, cables	7.98	8.06
Swiss francs, checks	5.41	5.30
Swiss francs, cables	5.39	5.28
(Quoted cents to the unit.)		
Guillemers, checks	38 1/2	39 1/2
Guillemers, cables	38 1/2	39 1/2
Sweden, checks	25.60	25.70
Sweden, cables	25.80	25.90
Denmark, checks	23.00	23.80
Denmark, cables	23.20	24.00
Norway, checks	25.00	25.10
Norway, cables	25.20	25.30
Finland, checks	19.78	19.97
Finland, cables	20.00	20.07
Japan, yen, checks	51 1/2	51 1/2
Japan, yen, cables	51 1/2	51 1/2
Argentina, checks	102 1/2	102 1/2
Argentina, cables	102	101 4-5
Brazil, Rio, checks	27 1/2	27 1/2
Brazil, Rio, cables	27 3/4	27 3/4
Following are the official rates quoted by the American Relief Administration on exchange against the countries on which it has supervision over all dealings:		
Germany	12.85	Marks to the dollar
Poland	14.25	
Finland	9.65	
Czechoslovakia	15.50	Kronen to the dollar
German Austria	23	
Jugo-Slavia	23	
Rumania	9.35	Lei to the dollar
Packard Motor Preferred Issue		
Approved Of by Stockholders		
At meeting of the stockholders of the Packard Motor Car Company, the issuance of \$7,500,000 additional 7 per cent cumulative preferred stock was approved and has been sold to a syndicate headed by Montgomery & Co. and the Chase Securities Company. The bankers are now offering the stock for subscription at 100 and accrued dividends. This is part of an offering of \$20,000,000 of which \$8,000,000 is now outstanding, which brings the total outstanding issue up to \$15,500,000.		
Dominick & Dominick, of New York, announce that the \$1,469,400 issue of 7 per cent cumulative preferred stock of the National Engraving & Stamping Company has been sold.		

## Market Opinions

### Chandler Motor

The earnings results of Chandler Motor Company in its December 31, 1919, fiscal year promise to exceed any former year in the company's history, even the high record year 1917, when the balance for 70,000 shares of stock reached a total of \$2,352,402, equal to \$40.90 per share.

Chandler Motor in 1919 would earn a balance for dividends of \$40 per share. Chandler Motor is rather individualized among the motor shares by reason of its exceedingly simple nature of its capital structure. The company has no bonds, no preferred and only 70,000 shares of stock.

Under these conditions and facing the promise of another big year in 1920 it would not be surprising if interest on stockholders received extra even above the regular 16 per cent dividend. —Hayden, Stone & Co.

**Crystallization**  
As soon as the plan to finance Europe takes tangible form and some good business loans in sight we are likely to see a crystallization of bullish sentiment. —E. W. Wagner & Co.

**Food Stocks**  
Food stocks will benefit from the immediate demand for goods coming from enemy countries when the treaty is signed. —Hornblower & Weeks.

## Money and Credit

Call loans opened and renewed at 5 per cent for mixed collateral yesterday, compared with a renewal rate of 9 per cent on Thursday. The closing rate was 4 1/2 per cent. Loans on all-industrial collateral were 1/2 of 1 per cent higher.

Time loans are small and scattered. The rate remains at 6 per cent for all maturities on both new loans and renewals.

The ruling rates for money yesterday, compared with a year ago, were as follows:

Call money:	Yesterday	Year ago
On mixed collateral	5	4 1/2
On indus. collateral	5 1/2	5
Time money (mixed collateral):		
Sixty days	6	5 1/2 @ 6
Ninety days	6	5 1/2 @ 6
Four months	6	5 1/2 @ 6
Five to six months	6	5 1/2 @ 6

**Bank Acceptances**—Rates were unchanged yesterday as follows:

Spot delivery:	Yesterday	Year ago
Eligible member banks	4 1/4 @ 4 1/2	4 1/4 @ 4 1/2
Eligible non-member banks	4 1/4 @ 4 1/2	4 1/4 @ 4 1/2
For delivery within thirty days:		
Eligible member banks	4 1/4	4 1/4
Eligible non-member banks	4 1/2	4 1/2
Ineligible bank bills	5	5

**Bank Clearings**—Bank clearings yesterday were:

	Exchanges	Balances
New York	\$75,045,304	\$67,535,307
Boston	56,673,775	13,807,468
Philadelphia	76,881,487	15,282,118

**Sub-Treasury**—The Sub-Treasury gained \$1,401,000 from the banks on Thursday.

**Silver**—London, 53 1/4; New York, 105 1/4; Mexican dollars, 83 1/2 @ 87 1/2.

**London Money Market**—LONDON, June 27.—Closing rates for money, 3 1/2 per cent; discount rates, short bills, 3 1/2 per cent; three months bills, 3 1/2 per cent; gold premiums at Lisbon, 150.00.

## The Dollar in Foreign Exchange

Exchange rates moved sharply against London yesterday with demand sterling closing at \$4.58 1/4 and cables at \$4.59 1/4. Both rates were close to the low record established a month and a half ago following the removal of the restrictions upon the sterling market.

French exchange was slightly firmer at 6.43 1/2 francs to the dollar for checks and 6.41 1/2 for cables.

Neutral exchanges were easier with Danish checks closing at 23 cents.

(Quoted dollars to the pound.)

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## Canada Will Get \$75,000,000 Loan To Pay Off Notes

### Condition of Money Market Will Necessitate Payment of Higher Rate of Interest Than in 1917, Is Belief

Negotiations are on between a powerful New York banking group and financial representatives of the Canadian government looking to the flotation in the American market next month of a \$75,000,000 loan in favor of the Dominion. This group consists of J. P. Morgan & Co., Brown Brothers & Co., Harris, Forbes & Co., the First National Bank, the National City Company, the Guaranty Trust Company, William A. Read & Co. and the Bankers Trust Company.

Details Now Discussed  
Conferences between the bankers and the representatives of the Dominion government are said to have reached a point where the important details of interest rate and maturity are being considered. Bankers said yesterday that definite plans with regard to the exact form the loan will take would probably be reached by next week.

The New York bankers would say nothing yesterday relative to the rate of interest on the proposed new issue, but it is believed the interest on the new issue will be at a higher rate than was paid when the \$100,000,000 Dominion loan was floated in 1917. The interest rate on the new issue is expected to be 5 per cent. That loan was sold to American investors at 98 and interest to yield an income return of about 6.07 per cent. Changed conditions in the market, it is stated, will probably compel the charging of a higher interest rate than in 1917. It is expected also that the new loan will run for a longer period.

The visit of J. P. Morgan & Co. to Ottawa about a fortnight ago is understood to have been in connection with the new Canadian loan.

**Outside of Davison Plan**  
It was pointed out yesterday by Wall Street bankers that any loan that may be made to Canada will fall outside of the so-called "Davison" plan for after-consideration, since the international program of reconstruction finance under consideration by the bankers has to do only with taking care of Europe's needs.

## Banks Not Needed to Help Carry Grain Crop

### Grain Corporation Announces Agreements With Millers and Dealers Will Be Executed

With a total of \$1,150,000,000 at its disposal for financing the purchase and carrying of wheat, the United States Grain Corporation, which is handling the crop again this year, is not expected to call upon the banks for help. The corporation borrowed several hundred millions of dollars on acceptances during the past year, and it is expected that it will be able to carry the wheat until it is sold.

A letter sent out by Julius H. Barnes, United States wheat director, to more than 300 banks all over the country with regard to the new contract between the grain corporation and dealers and millers and its bearing on credit that banks may advance to dealers and millers, says:

"The wheat director, in order to make effective the Congressional guarantee of wheat price, proposes to make this effective to the producer by trade contracts, particularly with those trade agencies reaching the producer, rather than by license regulation.

"With this in view, after numerous trade conferences, we have devised contracts which will extend to each producer with probably 5,000 mills, 15,000 grain dealers, 3,000 flour jobbers and 15,000 bakers. Through these contracts is intended to establish a fairer and lower resale price of wheat products in this country, should that become necessary, and with the least possible chance for misrepresentation or abuse.

"It is an essential feature of these contracts that those facilities that buy from the producer should pay the guarantee price as named in the President's proclamation, and a fair reflection thereof, and of contracts with these two trades are framed accordingly.

"It is important that there be the fullest understanding and confidence that the credit extended to those facilities on basis of their contract obligations to pay the guarantee price will be properly secured."

## New Credits to Europe

WASHINGTON, June 27.—Credits announced today by the Treasury include \$50,000,000 to France, \$50,000,000 to Italy and \$5,000,000 to Rumania.

## Stocks Ex Dividend Yesterday

Central of New Jersey, \$2.00  
Pond Creek Coal, \$2.00  
Public Service of N. J., \$1.50

## Significant Relations

### Money and Prices

Stock of money gold in the country... \$3,092,037,699

Loans on all national banks... \$9,691,187,000

Their surplus reserves... \$7,981,000

Bills discounted and bought by Federal Reserve banks... \$2,112,176,000

Federal Reserve notes in circulation... \$2,488,250,000

Total gold reserve... \$1,677,951,000

Average price of fifty stocks... 87.24

Average price of twenty-five bonds... 87.18

Footnote: Reserve notes in circulation... \$2,488,250,000

General commodity price level (Dun's index number)... 222.93

Unfilled U. S. steel orders, tons... 4,282,310

Pig iron output (daily average), tons... 68,002

Wheat crop, bushels... 1,538,350,000

Corn crop, bushels... 2,582,814,000

Cotton, 500-lb. bales... 12,022,601

Distribution:

Gross railroad earnings... \$1,111,775

Bank clearings... \$1,111,775

## Gold From the Enemy!

German and Bulgarian gold has been turned over to the United States authorities for American wheat and flour shipped into those countries by the United States Grain Corporation under the agreement reached early in the year.

Both countries had the alternative of paying in gold or in goods, but they found it impossible to ship goods, owing to the blockade restrictions. In the case of Germany a substantial amount of gold was shipped to Brussels, Belgium, and deposited there to the account of the Federal Reserve Bank of New York. In the case of Bulgaria the gold paid the grain corporation for wheat and flour was deposited by the Bulgarians on a United States battleship in the harbor of Constantinople. Since, however, Bulgaria has shipped goods to the United States, which are being sold in order to make possible the return to Bulgaria of the gold deposited.

## Railroad Committee Discusses Car Trust Plan

### Document Sent to Individual Roads for Their Approval

Members of the special committee on allocation and financing of equipment of the Association of Railway Executives met yesterday to consider the plan of New York bankers providing for the creation of a general equipment trust to finance the cars and locomotives ordered by the railroad administration and allocated to the different roads. The committee voted to immediately transmit the document to the member roads for their consideration, and favorable replies are expected in the near future.

The railroad administration already has the plan before it, but it is understood has not yet reached any conclusions. The members of the railroad executives' allocation committee are: T. De Witt Cuyler, chairman, president of the Association of Railway Executives; Alfred P. Thom, general counsel; S. M. Pelton, president of the Chicago Great Western; Howard Elliott, president of the Northern Pacific; W. H. Finley, president of the Chicago & North Western; Charles Hayden, president of the Chicago, Rock Island & Pacific; Charles A. Peabody, president of the Illinois Central; Samuel Rea, president of the Pennsylvania Railroad; E. P. Ripley, president of the Atchafalaya, Topeka & Santa Fe; W. G. Besler, president of the Central Railroad of New Jersey; and Mark W. Pettey, president of the Carolina, Clinchfield & Ohio.

The value of the equipment to be pledged under the certificates proposed to be issued by the committee is approximately \$400,000,000, but initial cash payments by the forty or fifty owner roads will probably reduce the certificate issue to under \$300,000,000.

## New York Interests Back New Oil Company

### Sims Petroleum Owns Large Acreage in Texas Producing District

The Simms Petroleum Company, with extensive acreages in the Texas oil fields, has been organized with the backing of strong New York financial and business interests. The new company, which was announced yesterday, has been incorporated under the laws of Delaware with 500,000 shares of stock of no par value, of which 425,000 will be issued immediately. Knauth, Nachod & Kuhne have formed a syndicate to underwrite the purchase and resale of 144,000 shares, all the proceeds of which go into the company's treasury for development work.

Harry Bronner, president of the Missouri Pacific Railroad, will be chairman of the board of the new company, and E. F. Simms, vice-president of the Sinclair Gulf Corporation, will be president. In addition to these directors will include Frank H. Bethell, vice-president of the New York Telephone Company; Edward Cornell, of Davies, Auerbach & Cornell; O. L. Gubelman, of Knauth, Nachod & Kuhne; S. T. Morgan, president of Virginia-Carolina Chemical Company; William H. Reid, Frederick W. Scott, John T. Scott, president First National Bank, Houston, Texas; Finley J. Shepard, vice-president Missouri Pacific Railroad; Ernest Stauffer, Jr., vice-president Liberty National Bank; and John J. Watson, Jr., vice-president International Agricultural Corporation.

## Liberty Issues

The following table gives the transactions yesterday and the approximate investment yield in the several Liberty Loan issues at closing New York Stock Exchange prices:

Liberty 3 1/2%, 1947... \$2,000,000  
do 4 1/2%, 1947... 1,000,000  
do 5 1/2%, 1947... 1,000,000  
do 6 1/2%, 1947... 1,000,000  
do 7 1/2%, 1947... 1,000,000  
do 8 1/2%, 1947... 1,000,000  
do 9 1/2%, 1947... 1,000,000  
do 10 1/2%, 1947... 1,000,000  
do 11 1/2%, 1947... 1,000,000  
do 12 1/2%, 1947... 1,000,000  
do 13 1/2%, 1947... 1,000,000  
do 14 1/2%, 1947... 1,000,000  
do 15 1/2%, 1947... 1,000,000  
do 16 1/2%, 1947... 1,000,000  
do 17 1/2%, 1947... 1,000,000  
do 18 1/2%, 1947... 1,000,000  
do 19 1/2%, 1947... 1,000,000  
do 20 1/2%, 1947... 1,000,000  
do 21 1/2%, 1947... 1,000,000  
do 22 1/2%, 1947... 1,000,000  
do 23 1/2%, 1947... 1,000,000  
do 24 1/2%, 1947... 1,000,000  
do 25 1/2%, 1947... 1,000,000  
do 26 1/2%, 1947... 1,000,000  
do 27 1/2%, 1947... 1,000,000  
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